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Viewing cable 10SOFIA106, BULGARIAN GOVERNMENT MAKES HISTORIC OC BUST

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Reference ID	Created	Released	Classification	Origin
10SOFIA106	2010-02-12 07:27	2011-08-30 01:44	CONFIDENTIAL	Embassy Sofia

Appears in these articles:

<http://www.bivol.bg/wloctopus.html>

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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 000106

SIPDIS

E.O. 12958: DECL: 02/11/2030

TAGS: [PGOV](#) [KCRM](#) [KCOR](#) [BU](#)

SUBJECT: BULGARIAN GOVERNMENT MAKES HISTORIC OC BUST

REF: A. SOFIA 103

[1](#)B. 09 SOFIA 642

[1](#)C. 09 SOFIA 548

[1](#)D. 09 SOFIA 508

¶1. (C) Summary: The Bulgarian public was stunned by the February 10 arrest of one of the country's most notorious and "untouchable" organized crime figures, Aleksi Petrov, and twelve of his associates. Newspaper articles hailed the arrest as the most important in the last 20 years, and asserted that Deputy Prime Minister and Minister of Interior Tsvetan Tsvetanov has "crossed the Rubicon" by moving against one of the most influential organized crime groups, something all previous Interior Ministers never would have dared. Petrov is estimated to control a business empire with legal and illegal operations worth hundreds of millions of dollars. One of Bulgaria's best known oligarchs, Petrov has long been considered above the law due to his wealth, political influence and background in the Secret Services. Tsvetanov told the Ambassador on February 11 that he was confident the police already had sufficient evidence to ensure conviction of at least seven members of the gang, including Petrov. Prime Minister Borissov also stated publicly that he is confident the evidence gathered will hold up in court. End Summary.

Operation Octopus

¶2. (C) During the night of February 9, police launched "Operation Octopus." Over 20 strip clubs and three other businesses owned by Petrov and his associates were searched and over one hundred people detained for questioning. Deputy PM Tsvetanov told the Ambassador that police do not intend to release at least seven gang members, including Petrov, who are at the top of the criminal pyramid. These seven will be charged with extortion, forceful debt collect, prostitution, defrauding state-owned industries (including the Kremikovtzi steel plant), VAT fraud, trade in influence, money laundering and other crimes. Tsvetanov mentioned that in addition to these seven at least four officials inside the Interior Ministry are under investigation for cooperation with Petrov and his group.

PETROV'S CRIMINAL EMPIRE

¶3. (C) According to police, Petrov's group has been in operation for over 10 years and has used intimidation and blackmail to acquire ownership of legitimate businesses. Petrov has controlling interest in the largest taxi company in Sofia (TAXIS EXPRESS) and is an "advisor" to one of the three largest insurance companies in Bulgaria (LEVSKI SPARTAK INSURANCE aka LEVINS), receiving a large share of its profit each year without clear responsibilities. Petrov also owns a stake in the tabloid newspaper "Weekend" and is the founder of a second, "Galleria."

¶4. (C) In addition to his public enterprises, police allege Petrov controls the largest share in Sofia's escort and intimate services businesses, which are known fronts for prostitution and trafficking in women. Tsvetanov told the Ambassador that during the raids scores of prostitutes agreed to testify to police on Petrov's prostitution ring which is estimated to take in 40,000 dollars a night.

¶5. (C) Petrov is also accused of racketeering and extortion of legitimate companies, forcing them to pay regular fees or give up a share of ownership in exchange for protection. Tsvetanov said Petrov uses his insurance and taxi companies to launder the massive flow of illegal profits.

POLITICAL FALLOUT BEGINS

¶6. (C) According to Tsvetanov, Petrov began to gain political influence in the earlier part of the decade, particularly due to his close association with the former Prosecutor General Nikola Filchev. Petrov was also linked to numerous other Socialist Party members in the previous

government. In 2008 a leak revealed to the press that Petrov had been hired by the State Agency for National Security (DANS) as an undercover agent. Despite an outcry from the public and the international community, Petrov was kept on as the "political advisor" to the former DANS Chairman. After taking office in 2009, Prime Minister Borissov forced Petrov to resign from his position.

17. (C) While Petrov's arrest is a major political coup for Borissov, Tsvetanov and the whole GERB government, hard evidence that top figures in the previous government were so closely linked to an organized crime figure has thrown the opposition Socialist Party into convulsions. Tsvetanov told the Ambassador that in searching Petrov's businesses police found numerous secret files that they believe Petrov stole from DANS, including one file belonging to the previous Socialist Prime Minister Sergei Stanishev. Rivals inside the Socialist Party, such as former Interior Minister Rumen Petkov, have called for Stanishev to step down as leader of the party. Politicians from other parties, including some frequent critics of Borissov, such as Blue Coalition leader Ivan Kostov, have praised Borissov and his government's efforts and joined the media in condemning the previous government's ineffectiveness and complicity with organized crime.

BUT WILL THE CHARGES STICK?

18. (C) All of the positive momentum generated by these arrests will be lost in an instant should Petrov and his associates not end up in jail. Many in the media, while praising the police operation and the political will behind it, worry that Petrov will be able to bribe or threaten his way to freedom, or that a single procedural error will allow him to walk. PM Borissov, DPM Tsvetanov and Prosecutor General Velchev have all stated unequivocally that sufficient evidence exists to prevent any of the seven highest-ranking criminals from escaping justice. Tsvetanov said that in just hours after Petrov's arrest, victims of blackmail and threats of violence have offered to testify against him. Tsvetanov believes additional witnesses will come forward as the police continue their investigation and as the reality of Petrov's arrest sinks in among the hundreds of people and businesses harassed by his organization.

19. (C) Comment: The government's decision to move against Petrov and his group is a courageous act and emblematic of the GERB government's stated commitment to fighting organized crime. News of Petrov's arrest was on the front page of nearly every newspaper in the country and has set Sofia buzzing. Most Bulgarians seem shocked that the government has the power and political will to go after a figure of Petrov's stature. If Petrov's case ultimately leads to conviction it will go down as an arrest of historic proportions. However, two dangers loom large. First, an unsuccessful prosecution, whether due to bribery, extortion or on a technicality, would be a major blow to the government and intensely demoralizing to the public. Second, the possibility of Petrov's group using or threatening violence against Tsvetanov and his staff or the Prosecutor General and his staff is very real. Tsvetanov told the Ambassador that all possible measures are being taken to prevent either scenario.

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